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ABSTRACT

This paper describes a Small Business Development Center (SBDC) located at the Central Arizona College. Schools are responsible for assisting economic development in the small business and business community since industry spends $22 billion per year in retraining high school graduates and dropouts in basic education. In Pinal County, Arizona, many students who graduate or dropout from school stay in the county and take whatever jobs they can find. The SBDCs were started nationally in 1977 as a method of providing services and assistance to the local small business persons in the communities they served. The Arizona SBDC Network consists of 10 sub-centers located at community colleges. The services offered to the small businesses in the state are: (1) individual counseling; (2) workshops and seminars; (3) a small business library; (4) small business classes; and (5) resource personnel. The Central Arizona College SBDC was started March 1, 1990. The Center completed the 1990 year with 78 counseling cases in the areas of management, financing, accounting, and marketing. Workshops were also offered at times convenient to business people. The SBDC has an advisory committee composed of seven business people and a representative from the State Department of Education and State Community College Board. Businesses are asked what they need graduates to be able to do. Business and industry are ready to become involved in the educational process. (KS)

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DEVELOPING A STRONG BOND BETWEEN EDUCATION AND LOCAL BUSINESSES IN RURAL AREAS

INTRODUCTION

The main focus of this model is a Small Business Development Center located in a rural community college. However this model can be used by any group in an educational setting that is truly interested in involving the local rural businesses and industrial communities in the education of today's young person. The model is located in a rural county area where the two major communities are less than 20,000 population each, and the balance of the communities in the county range from a population of 500 - 7,500.

SMALL BUSINESS STATISTICAL INFORMATION

In a report sent to President Reagan from the United States Small Business Administration (SBA) it was stated that 99% of all businesses in the United States can be classified as small businesses. According to the report "Small Business and Economy of the 1980s," "small businesses vary substantially in size and character." The small business of today can be the one-person shop or service business up to a manufacturing plant with up to 500 persons. The small business structures are defined by the federal government according to their particular industry. This report will deal primarily with small businesses in a rural county of Arizona with an average of 1-40 employees.

The Small Business Administration states that a small business is:

1. Independently owned
2. Not dominate in its field of operation
3. Operated for profit
4. Within the size standards for the particular industry or service area. They are:
   a. Retail & Service - Sales less than $2 million
   b. Wholesaling - Sales less than $9 million
   c. Manufacturing - Less than 500 employees
   d. Construction - Sales less than $9.5 million

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How important is the small business to the economy of the United States and to the economy in which you live? These are statistics according to a publication from Pacific Bell titled "A Tribute to Small Business - America's Growth Industry" published in 1987.

> "...there are 15.2 million non-farm businesses in the United States."
>
> "Of the estimated 14.5 million jobs that have been created since 1981, nearly all have come from small business starts and expansions."
>
> "In recent years small business has been providing two out of three new workers their first job."
>
> "The contribution of small business in today's economy expands far beyond its traditional role in creating jobs- an analysis by the National Science Foundation has shown that small business has been a more prolific source of innovations per research and development dollar than large business."

The responsibility of education to assist in the economic development of the small business and business community is no more evident than the fact that industry spends $22 billion per year in retraining our adult population including high school graduates and dropouts in basic education such as writing a coherent memo, using simple arithmetic and reading techniques.

In rural areas small business is the backbone of the economy since it is difficult for small rural areas to bring in new businesses or industries in the area because of the availability of space in major metropolitan areas. Wally Cadow the economic development specialist for Casa Grande told me that it is difficult to bring in new industry into the area, when the company would have to build a plant to get started when in the Phoenix metropolitan area there are over 480,000 square feet of industrial space available immediately at very competitive rates.

The University of Arizona, Chambers of Commerce , Arizona Department of Commerce and Central Arizona College SBDC are doing a Business Retention & Expansion Study to find out what small businesses are saying in the local communities, and what the community or educational institutions can do to help the business stay in the community or expand.

DEMOGRAPHICS OF PINAL COUNTY

Pinal County is a county of 114,000+ persons with over 40% of the population being either Hispanic or Native American. In Pinal county over 62% of the 1619+ businesses are either of a retail or service orientation. The county also has three distinct business orientations. The eastern side of the county which is separated by a small mountain range is primarily mining with support businesses for the major mining employers in the area. The western side of the county is located between Phoenix and Tucson and is the main shopping and industrial area of the county. The third area is located in Apache Junction which is adjacent to the Phoenix Metropolitan area and is primarily a residential area with supporting retail and service businesses.

Population of the eastern side of the county lives primarily in the unincorporated areas except for two major communities which have less than 2,500 population in each, whereas the western side of the county has the major population areas. Casa Grande the has almost 20,000 and Apache Junction has less than 19,000 population. Pinal County has one other major distinction and that is that the largest prison in the State is located at the county seat in Florence, with the intention of the State to enlarge the prison to twice it's current size.

The county is 5334 square miles with 192,667 acres under cultivation, and 74% of the land in the county is owned by either the State or Federal Government.

Many of the students that graduate or drop-out from school (30%-50%) stay in the county and take what jobs they can find, and if they are on the eastern side of the county they plan to enter work in the mines, where continuous work depends on the price of copper.

SMALL BUSINESS DEVELOPMENT CENTERS (SBDC)

The Small Business Development Centers were started nationally in 1977 as a method of providing services and assistance to the local small business persons in the communities they served. The funding of the SBDC's was partially provided (40%-45%) by the Small Business Administration, with the balance by the institution where the SBDC was housed.

By 1988 the program had grown to 499 sub-centers serving 128,000 clients. This information is from the United States General Accounting Office who made a study of the SBDC clients. Three of the most important statistics that came from the study were:

* 69% of clients were satisfied with the counseling they received.
* 76% stated they would contact the SBDC for assistance again.
* 82% would recommend the SBDC program to others

In a presentation by Larry R. Bramblett, Director of the SBDC at The University of Georgia to the National Advisory Council for the U.S. Small Business Administration he stated that:

"Embedded in this (SBDC) concept are certain basic principles, a few of which include:"

1. "The brightest hope of the American economy resides in the small business sector."

2. "A partnership between government, business and ....education is feasible."

3. "In the long run and in benefit/cost terms the Program will not cost the United States one dollar. Rather, the program will have a high economic payoff."

It is interesting that the SBDC's today are being added in significant numbers and that they are having a significant impact on the small business community, which has been proven as the vital link in the growth of the United States.

ARIZONA SBDC NETWORK

The Arizona SBDC Network was started in 1988 with the State Director being located at Gateway Community College, one of the eight community colleges in the Maricopa Community College District. In 1988 there were 3 SBDC sub-centers. The 10th sub-center was added in January of 1991 at Yavapai Community College.

The Arizona SBDC Network is one of eight State Community College SBDC's in the nation. The Arizona SBDC looks at small business in Arizona the being vital to the state's economic well being and to the economic growth of the areas in which small businesses operate. More than 98% of the businesses in Arizona fall into the category of the SBA small business guidelines, and in Arizona there has been added the figure that the small businesses generally will have less than 100 employees, and yet small business in Arizona hires well over 60% of the workers in private industry.

According to Dave Smith, State Director of the Arizona SBDC Network, "Failures of small businesses are a cost to the entire community and successful small businesses add to the overall economic health of the citizens of the State. Small businesses play a particularly vital role in the rural counties of Arizona. In these counties, the small business community provides an even greater percentage of jobs than the statewide average."

In the first brochure that was published by the Arizona Small Business Network it stated "It's time your business took advantage of the government". This is an ongoing theme of the 10 sub-centers in the Arizona SBDC Network. The services offered to the small businesses in the State are:

* Individual Counseling (No Charge)
* Workshops & Seminars ($5-$25)
* Small Business Library
* Small business classes
* Resource personnel

Because of the sub-center growth to 10 centers in 3 years, the all counties in Arizona are served by a sub-center of the Arizona SBDC Network. Several of the Sub-Centers are developing specialized libraries and consultants to deal with areas of business interest that is not a high priority of many businesses, but still important enough to need the resource in the network of sub-centers. An example of this is the Rio Salado Community College resource of international trade and importing/exporting resources. Another is the Farm Management Program at Eastern Arizona College or the Quality Assurance/Management resources through Gateway Community College. What makes the Arizona SBDC Network so unique is the resources available to any sub-center client through the cooperativeness of all of the sub-centers in the network.

CENTRAL ARIZONA COLLEGE SBDC

The Central Arizona College SBDC was started March 1, 1990. The initial goal of the center was to serve 75 business clients in Pinal County during 1990 and present 15 training sessions with 150 attendees. We completed the 1990 year with 78 counseling

The counseling cases are defined as:

> Continuous Cases: These are cases where there is a continuous consulting relationship between the SBDC and the small business. This is the area of consulting that the SBA is most interested in.

One-Time-Cases: Cases where a person that is interested in starting a business, looking for financing, or an individual with a specific business question requests counseling session.

During 1990 we consulted with 41 persons one-time and 38 for at least two or more consulting sessions. During 1991 we have projected that we will complete 140 consulting cases with at least 80% being a continuous case.

The following are some of the businesses served by the Central Arizona College SBDC during the 1990 calender year.

TYPES OF BUSINESSES SERVED	ACTIVITY
Rural Shopping Center Development	$3.5 million loan
Start up Computer Consultant	Marketing Plan
Psychological Center	Marketing Plan
Mining Supply Retail Business	Buy Out Information
Restaurant	Management Plan
Ice Cream Shop	Expansion Plan
Field Crew Leader	Accounting for Taxes
Manufacturing Plant	Supervisory Training
Doughnut Shop	Advertising
General Store	Start Up
Convenience Store-New Owner	Business Purchase
Convenience Store - Franchise Start Up on Gila River Reservation	Start Up/Franchising
Audio/Television Sales & Repair	ITS Training
Cookie Shoppe	Promotion Plan
Medical Office	Business Plan
Real Estate Office	Recordkeeping
Mobile Home Sales	Start Up
Sewing Business	Expansion

Small Businesses that have contacted the SBDC for assistance can be classified in four major problem areas. They are:

1) Management
2) Financing
3) Accounting/Recordkeeping
4) Marketing

Management is one problem that is the most difficult to deal with since most owners feel that they do not have any problems with management of their business. But as a former owner of four successful businesses, I am acutely aware of the many problems of business management if you do not keep up on the many federal and state law changes. Yet management of the total business is the major problem and is the reason for over 70% of the business failures. A major area of concern that we have presented to the small business clients is the development of a business plan so that they (owners) will know when they have reached their goals, and can develop new goals for their business to strive for.

The other avenue of assistance is the small business workshops that are generally presented from 7am-9am and 6pm-9pm. The workshops are designed from an interest sheet that is sent through local Chamber of Commerce mailings. The reason for the time of the workshops is that this is the easiest time for rural small business owners to attend a training session. In Pinal County we have found that most small businesses require the owners most of the day. Average attendance of the workshops has been running from 6-10.

ADVISORY COMMITTEES AND SMALL BUSINESS

One of the methods we used to design the small business development program was the formation of a SBDC Program Advisory Committee. To start with we invited the Chamber of Commerce Executive Directors or President of the local Chamber of Commerce to become a member of the Advisory Committee. The use of Advisory Committees are not new, but the use of the Advisory Committee needs to be changed to reflect more of the needs of the business community.

The SBDC Advisory Committee is made up of 7 business persons and 2 individuals from the State Department of Education and State Community College Board who work primarily in business and industrial training. The 9 individuals are the voting members of the committee, with the SBDC Director as ex-officio and non-voting. In this way all recommendations are coming from the SBDC Advisory Committee and not the educational community.

As the SBDC Director I act as advisory to committee about information as to what the SBDC is doing in Pinal County to serve the small business community. What has the Advisory Committee done during 1990:

1. Reviewed and recommended what types of seminars are needed.

2. Suggested the Valley National Bank as a place to hold counseling sessions in rural areas.

3. Reviewed the SBDC brochure.

4. Reviewed and recommended goals to work toward in 1991.

The SBDC Advisory Committee is not only helpful in improving and strengthening your program but also give your program credence when you are talking to groups about what you are doing in your program. The last recommendation that has been recommended from the SBDC Advisory Committee is that because of the progress we have made this first year in our program that perhaps we should have 3 SBDC Advisory Committees serving each of the three major business areas in the county. This recommendation was approved by our Dean of Career Education and we are now in the process of developing 3 advisory committees for our program.

PRACTICAL APPLICATIONS OF THE CIRCUIT RIDER PROGRAM

All communities in rural areas can benefit from this model, but only if a commitment is made to involve the local business and industrial community on a practical basis, and not a "superficial" basis.

Small businesses in rural counties often feel like they are left out of the mainstream of the educational process even though they hire many of the graduates or drop-outs of the local public school or community college system - but very few people from the educational system ever come and ask the small business- person- what do you need our "graduates" to be able to do.

With the challenge to the educational structure that is surfacing all over the country it is time that all persons in a community start working together to provide for the future growth not only of the student but also of the community in which we live. One of the methods of working with the communities is to know and understand the small business community. Small business in this country makes up over 90% of all businesses and generates over 60% of all new jobs - yet we as educators look at "big" business and "big" universities to satisfy the total need

of the economy, and this is not fair to the development of the student or the community.

John Dewey stated in his essay on a "Need for a Philosophy of Education" that traditional methods need to be changed and if not, "conformity then becomes the criterion by which the pupil is judged. Former Labor Secretary Elizabeth Dole stated at the National Alliance of Business Conference that we must take better care in preparing our "product" for the world of today. In an article written in 1912 by Edwin Cooley he stated that "no system of .....education will be complete that does not include a careful study of the vocations of a community open to youth." Are we as educator's really aware of what our local community offers to our graduates, and even more why we offer what we do?

The other statistic that we need to be concerned about is that industry spends over 22 BILLION DOLLARS each year in training and retraining of employees who are high school graduates or drop outs in basic education such as writing a coherent memo, using simple arithmetic and reading techniques. At the same time there is a 30% dropout rate nationwide in out public schools and as high as 50% in many of our urban schools. How much money would business and industry have on an annual basis to expand their businesses and create more job opportunities for the community if the educational structure spent more time out what the business and industrial community needed in their future employees?

The idea that the model of the SBDC's is necessary to create this linkage between the schools and business and industry is false. A commitment by the schools that they are going to find out what is needed in the community they serve. In a recent article in Nations' Business the following information was generated from the question:

"How Business Can Be Involved In Public Schools"

Provide Equipment	91%
Finance Technical Courses	85%
Give Employees Time To Teach	80%
Recommend School Improvements	72%
Business Leaders Run For Education Boards	65%

Business and Industry is ready - is the Educational Community really ready to involve them in the educational process. Remember that the product of education is the student, and the accountability of the student is the business and industrial community who hires them. This is a model - and it does work, but it takes time and commitment to overturn many

fears of telling the small businesses of rural areas that "we" in education know what to do to educate todays' youth.

Former Secretary of Labor Elizabeth Dole stated that only 30% of the jobs in the 90's will require a four year degree - and this is up from 20% in the 70's. Yet we educate over 80% of our students to day (in most cases) to go to college, and the success of a school year is measured not on how many students are not on the "welfare" roles, but how many students scored in the upper 70% of the national tests, and how many students are going to college.

The Central Arizona College SBDC "Circuit Rider" program is only one method to remain in contact with the business community. The major value of this particular model is that we are in touch with the local small business community, and that is what is important. In the rural county small business is the major employer of our students. It is our responsibility as educators to provide incentives such as training needs required by small businesses by our institution. the only way we can do that is by working with them to meet their business needs. My favorite question to the small business person of the community is "How can I help you? You will be amazed with the response.

The only thing that it takes to develop the strong bond with the community is a little effort to meet the business person at least half way. Good Luck in your efforts to create that bond in your community.

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